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The 239<sup>th</sup> meeting of the Rhode Island Student Loan Authority was held on Tuesday, September 12, 2006 in the 2<sup>nd</sup> floor Conference Room, 560 Jefferson Boulevard, Warwick Rhode Island. Dr. Robert McKenna called the meeting to order at 10:18 A.M.

The following Board members were in attendance:

Dr. Robert McKenna  
Dr. William Croasdale  
Mr. John Howell  
Dr. Anthony Santoro  
Mr. Paul Tavares  
Ms. Patricia Doyle

Others in attendance:

Mr. Noel Simpson, Executive Director, RISLA  
Ms. Jennifer Dutch, RISLA  
Ms. Rebecca Johnson, Office of the General Treasurer  
Mr. Charles P. Kelley, Executive Director, NESLA  
Mr. David Souto, NESLA  
Ms. Gail Bessett Walker, NESLA  
Ms. Lindie Thibodeau, NESLA  
Ms. Tamie Glantz, NESLA  
Mr. David DeBlois, NESLA  
Mr. Kevan McAleer, NESLA  
Mr. William H. Hurry, Jr., Executive Director, RIHEAA  
Ms. Gail Mance-Rios, Deputy Director, RIHEAA  
Mr. Mark Lacroix, RIHEAA  
Mr. Gregory Silva, RIHEAA  
Ms. Marisol Garcia, RIHEAA  
Ms. Maureen McGarry, PhD, R.N., NCC CCRI  
Ms. Peggy S. Matteson, PhD, RN, Salve Regina University  
Dr. Dale Joseph, University of Rhode Island  
Mr. Joseph R. Palumbo, Jr., General Counsel  
Mr. John McJennett  
Mr. Jeff Noordhoek, NELNET  
Mr. Michael Dunlap, NELNET  
Mr. Terry Heimes, NELNET  
Ms. Jennifer Dias, NESLA  
Mr. William Bianchi, NESLA

Upon a motion by Mr. Tavares and seconded by Mr. Howell, it was unanimously

**VOTED:** To approve the minutes of the Board meeting held on July 20, 2006.

### **Chairman's Report**

Dr. McKenna introduced Mr. Dunlap, Mr. Heimes and Mr. Noordhoek from Nelnet.

Dr. McKenna announced that RISLA's 25<sup>th</sup> anniversary event will be held on October 20, 2006 at the Marriot from 9:30 a.m. until 2:00 p.m.

### **Executive Director's Report**

Mr. Simpson introduced and welcomed Patricia Doyle as a new member of the board of directors.

Mr. Simpson also introduced Dr. Dale Joseph from the University of Rhode Island nursing program, Dr. Maureen McGarry from the Community College of Rhode Island nursing program, and Dr. Peggy Matteson from the Salve Regina University nursing program.

Mr. Simpson discussed RISLA's 25<sup>th</sup> anniversary celebration, whose theme will be access challenges to higher education in the 21<sup>st</sup> century. Mr. Simpson noted that former Governor J. Joseph Garrahy will be honored for his strong advocacy for higher education in Rhode Island. Mr. Simpson also noted that Father Brian Shanley, President of Providence College, will be the keynote speaker. .

Mr. Simpson provided an update on RISLA's audit. It was agreed upon by the Board members to have a Finance Subcommittee meeting on October 29, 2006 at 9:30 a.m. to review the audit materials.

### **Action Item #6 – Nurse Educators Reward Program**

Dr. Santoro suggested that the nursing program directors come up with a proposal for need.

Dr. Dale Joseph from University of Rhode Island addressed the board. She described the 5 nursing programs at the five different schools in Rhode Island. She indicated they all need faculty. Dr. Joseph explained that the nurse educators all have masters or doctoral degrees and are not always in a tenure track and asked that this be removed from the proposal. Dr. Joseph noted that nurses who choose to be nurse educators take a \$20,000 pay cut. She expressed the desire to have another month to come up with a proposal to present to the board. Dr. McKenna noted that the Authority will do whatever it can to assist them. Mr. Tavares asked if there are any other states that this could be modeled after. Dr.

Joseph did not know of any, but would come back with that information. Mr. Howell asked the nursing directors if they have an idea of the level of support needed and how many students go on to teach nursing. Dr. Joseph stated that it's not as attractive to students and the pay isn't good enough to garner much interest. Dr. McKenna commented that all faculty are underpaid. Dr. Santoro asked if there is a difference between public and private schools. Dr. Joseph replied that there is not.

Dr. Croasdale introduced Dr. Maureen McGarry from Community College of Rhode Island to address the board. She stated that the rewards program brochure is unclear as to the eligibility for the rewards.

Dr. Peggy Matteson from Salve Regina University commented that they are trying to sustain their current faculty. Dr. McGarry stated that the legislature increased the full time nursing faculty positions in the public institutions, and CCRI got 12.

Dr. Santoro inquired where the funds would come from to fund the forgiveness. Mr. Simpson commented that the funds would come out of RISLA's excess interest liability to the government, in essence reducing the liability. Dr. Santoro commented that this could be a substantial program.

The nursing directors will come back in a month with a proposal for the board to review.

#### **Action Item #5**

Dr. Croasdale reported on the Budget Committee review of the proposed budget.

Mr. Simpson expressed his desire to get the budget in place to avoid an adverse business advisory letter comment from the auditors.

Dr. McKenna expressed his concern that the SAT preparation course is being zero funded.

Dr. Croasdale indicated the program is not being zero funded but is only being deferred until after Mr. McJennet finishes his review of RISLA and stated the funds aren't needed until May of 2007 in any event. Dr. Croasdale further noted that the Board didn't cut out the College Planning Center in Warwick -- just the expansion of the Center pending review by Mr. McJennett.

It was agreed that the board is simply deferring action on the SAT preparation program and College Planning Center expansion at this time.

Upon a motion from Dr. Croasdale and seconded by Mr. Howell the board unanimously

**VOTED:** To approve the budget with the understanding that it will be revisited after the Board reviews Mr. McJennet's report.

Mr. DeBlois pointed out that the SAT program begins in March and not May. Mr. Simpson added that the planning begins at the beginning of the year. Dr. Croasdale asked Mr. DeBlois to report back at the next meeting with the results from the last SAT prep course.

### **Nelnet Report**

CEO Mike Dunlap reviewed the goals set in place when the Nelnet transaction took place and future goals. Terry Heimes, CFO of Nelnet, reviewed the increase in FFELP and alternative loan volume since March 2004 when the agreement was entered into.

Mr. Howell asked Mr. Heimes if he knew how many students are affected by the increase in Stafford Loans. Mr. Heimes indicated he would get this information and provide it to the board. Mr. Kelley noted that the volume of the Stafford Loans has increased due in large measure to the hard work of Dave DeBlois and the College Planning Center.

Mr. Heimes noted that the RIHEAA guarantee volume has increased 13%.

Mr. Heimes talked about Nelnet's outreach programs and how they provide assistance to students who are preparing for college and said he believes that it will help RISLA's College Planning Center to expand.

Dr. Santoro asked if there are any other schools that aren't using RIHEAA as a guarantor. Mr. Kelley replied that he has been able to get a number of schools to convert over to the RIHEAA guarantee and is working on others.

Mr. Howell asked if Nelnet's outreach service provides incoming or outgoing service. Mr. Heimes indicated that it provides both.

Mr. Heimes reviewed NESLA and RISLA accomplishments, which he attributed to a combination of the added support of Nelnet's resources and the combined management practices of NESLA and RISLA, which among other things has resulted in substantial economies of scale.

Dr. Croasdale asked Mr. Dunlap if he sees Nelnet maintaining a long presence in Rhode Island. Mr. Dunlap replied that he does see a long future in Rhode Island.

Dr. Santoro asked how many employees they have maintained at NELSA. Mr. Kelley responded that they have 54 employees, including part-timers. Kevan McAleer added that there are 25 full time employees.

Mr. Dunlap indicated that he was anxious to get the Cooperative Agreement to completion in the best interest of all parties.

Mr. Hurry noted that even though the cooperative agreement hasn't yet been signed, the cooperation between the agencies has remained steadfast and the operations on the ground have not suffered. Mr. Dunlap indicated his concurrence. Mr. Kelley thanked Mr. Hurry for his comments.

Mr. Howell asked Mr. Dunlap about Nelnet's college planning website and how it will may help with RIHEAA's portal -- will it be able to link or coordinate? Mr. Dunlap replied that Nelnet wants to leverage off of what's already out there, and would hate to see the need to recreate something or have a dual service. Mr. Dunlap spoke about the Peterson's website Nelnet acquired and stated thsat it would make a lot of sense for Rhode Island to leverage off that. Mr. Simpson mentioned that RISLA used the Peterson's website before Nelnet purchased it to integrate the College Planning Center and RIHEAA in the response to RIHEAA's portal RFP.

Mr. Howell inquired about lead development for colleges. Mr. Dunlap explained the different levels of service. Mr. Howell commented that RIHEAA could potentially benefit from this with respect to development of its portal.

Dr. Santoro asked if Mr. Dunlap expects the cooperative agreement to come to fruition. Mr. Dunlap explained his concerns about a conflict of interest in a competitive environment. Mr. Palumbo indicated that his understanding of the issue between the parties is the situation that might develop if the legislature mandates RIHEAA to administer a loan program. He explained that RIHEAA has proposed that in such a situation RIHEAA would offer the 1<sup>st</sup> opportunity to administer the loan program RISLA/NESLA, which Nelnet has been unwilling to agree to. Mr. Dunlap explained his concern that certain people could be lobbying loan programs that might not be feasible for Nelnet/NESLA to administer and therefore create a conflict between NESLA and RIHEAA. Mr. Dunlap said he wants to be able to renegotiate the agreement in such a situation. Mr. Tavares suggested that he was confident that language could be developed to protect both parties. Dr. Santoro asked if Nelnet was looking for some type of language that would make the agreement null and void if RIHEAA were granted the right to make loans to which Mr. Dunlap responded in the affirmative. Dr. Santoro added that he believes that the issues involve contract language issues and not business issues and he was confident that it could be worked out. Mr. Hurry noted RIHEAA has never lobbied to be a lender in the 11 years he has been the executive director.

Dr. Santoro indicated that it would make no sense for the board of RISLA to turn down something the legislature mandated RIHEAA to do and was offered to RISLA. Dr. McKenna indicated that while the future cannot be predicted he could not imagine that either. Mr. Dunlap reiterated his stance that if there is a potential

for a conflict he wants to be able to come back to the table to discuss it and work it out in a way that there is no conflict and it is a win-win for all parties.

Mr. Tavares indicated that Nelnet's opposition to sign the cooperative agreement as proposed by RIHEAA raised a red flag for him as to why Nelnet is opposed to it. Mr. Dunlap alluded to rumors he has heard from the state house that there could be a creation of one board for both RIHEAA and RISLA and one operating unit and things being lobbied in that direction and questioned whether that would be the kind of environment that would enable the parties to work cooperatively. Mr. Tavares asked whether Mr. Dunlap wanted to preempt the legislature from making that kind of a decision and if these rumors are affecting Nelnet's willingness to sign the cooperative agreement it is of concern to him. Mr. Dunlap reiterated that he is not comfortable signing the cooperative agreement if the parties are creating a situation where there is a potential conflict, i.e., one entity having loan programs potentially in conflict with Nelnet's business. Dr. Santoro noted that RISLA could make loans in conflict with Nelnet which Mr. Dunlap agreed with. Dr. Santoro asked therefore how Nelnet would be damaged if the legislature asked RISLA to make loans to lawyers, for example, and RISLA declined and asked RIHEAA to make the loans. Mr. Dunlap stated that he has worked with RISLA for a long time but does yet have the same comfort level with RIHEAA. Mr. Dunlap indicated that he doesn't understand the logic of the guarantee agency making loans and when he hears that as a possibility it concerns him. Dr. McKenna says while the media sometimes portrays the legislature to be unreliable that Mr. Dunlap's concern of what might happen is highly remote -- it can readily be addressed by language in the agreement and he doesn't see the issue as one of any real concern. Mr. Dunlap stated that with or without an agreement, Nelnet will continue to work together with RIHEAA and use its best efforts to grow RIHEAA's business but he is reluctant to sign an agreement that may create a conflict without having the opportunity to come back to the table to work it out. Mr. Kelley reported to the board on the positives to date that have developed out of the relationship and the potential benefits to be derived from Nelnet's resources in the future.

At 11:50 Dr. Santoro and Mr. Tavares left the meeting.

Mr. Dunlap asked the Board to take the agreement as he has signed it and to cross out whatever it does not agree to and initial it and he will consider whether or not he will also. Mr. Howell suggested taking out the reference to the legislature out. Mr. Palumbo indicated that Mr. Dunlap is not trying to preempt the legislature -- that if it should happen that the legislature mandates that RIHEAA administer a loan program -- Mr. Dunlap does not want to negate the agreement but wants to be able to come back to the table and talk about it. Mr. Dunlap assured the Board that he will personally work on any outstanding issues. Mr. Palumbo suggested getting a committee together to review the Cooperative Agreement.

Upon a motion by Dr. Croasdale and seconded by Dr. McKenna it was unanimously

**VOTED:** To adjourn

Dr. McKenna adjourned the meeting at 11:56 AM.

Adjournment was at 11:56 A.M.

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Dr. William Croasdale  
Secretary/Treasurer